

Article - Local Government

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§19–220.

(a) A governmental entity may issue bond or grant anticipation notes under this part as notes in the nature of commercial paper.

(b) A bond or grant anticipation note issued as a note in the nature of commercial paper may be secured by:

(1) a trust indenture with a trust company, or a bank with powers of a trust company, in or outside the State; and

(2) a letter of credit, line of credit, or other credit arrangement from or with a lending institution.

(c) (1) For bond anticipation notes, the credit arrangement may be made payable out of:

(i) the first proceeds of sale of the bonds; or

(ii) the tax or other revenue that the governmental entity has pledged to payment of the principal of and interest on the bonds.

(2) For grant anticipation notes, the credit arrangement may be made payable out of the proceeds of the grant.

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